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8 **UNITED STATES DISTRICT COURT**
9 **CENTRAL DISTRICT OF CALIFORNIA**
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12 SECURITIES AND EXCHANGE
13 COMMISSION,

14 Plaintiff,

15 vs.

16 JONATHAN WILLIAM MIKULA,
17 CHRISTIAN FERNANDEZ, AMIT
18 RAJ BERI, SWAY ENERGY
19 CORPORATION, AVTAR SINGH
20 DHILLON, EMERALD HEALTH
21 PHARMACEUTICALS INC., and
22 JAMES M. DEMESA

23 Defendants.
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Case No. 2:22-cv-07096-SB-PLA

**FINAL JUDGMENT AS TO SWAY
ENERGY CORPORATION**

1 The Securities and Exchange Commission having filed a Complaint and
2 Defendant Sway Energy Corporation f/k/a Elegance Brands, Inc. (“Defendant” or
3 “Elegance”) having entered a general appearance; consented to the Court’s
4 jurisdiction over Defendant and the subject matter of this action; consented to entry
5 of this Final Judgment without admitting or denying the allegations of the Complaint
6 (except as to jurisdiction); waived findings of fact and conclusions of law; and
7 waived any right to appeal from this Final Judgment:

8 **I.**

9 IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that Defendant is
10 permanently restrained and enjoined from violating, directly or indirectly, Section
11 10(b) of the Securities Exchange Act of 1934 (the “Exchange Act”) [15 U.S.C. §
12 78j(b)] and Rule 10b-5 promulgated thereunder [17 C.F.R. § 240.10b-5], by using
13 any means or instrumentality of interstate commerce, or of the mails, or of any
14 facility of any national securities exchange, in connection with the purchase or sale of
15 any security:

- 16 (a) to employ any device, scheme, or artifice to defraud;
17 (b) to make any untrue statement of a material fact or to omit to state a
18 material fact necessary in order to make the statements made, in the light of the
19 circumstances under which they were made, not misleading; or
20 (c) to engage in any act, practice, or course of business which operates or
21 would operate as a fraud or deceit upon any person.

22 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, as
23 provided in Federal Rule of Civil Procedure 65(d)(2), the foregoing paragraph also
24 binds the following who receive actual notice of this Final Judgment by personal
25 service or otherwise: (a) Defendant’s officers, agents, servants, employees, and
26 attorneys; and (b) other persons in active concert or participation with Defendant or
27 with anyone described in (a).
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2 **II.**

3 IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that
4 Defendant is permanently restrained and enjoined from violating Section 17(a) of the
5 Securities Act of 1933 (the “Securities Act”) [15 U.S.C. § 77q(a)] in the offer or sale
6 of any security by the use of any means or instruments of transportation or
7 communication in interstate commerce or by use of the mails, directly or indirectly:

8 (a) to employ any device, scheme, or artifice to defraud;

9 (b) to obtain money or property by means of any untrue statement of a
10 material fact or any omission of a material fact necessary in order to make the
11 statements made, in light of the circumstances under which they were made,
12 not misleading; or

13 (c) to engage in any transaction, practice, or course of business which
14 operates or would operate as a fraud or deceit upon the purchaser.

15 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, as
16 provided in Federal Rule of Civil Procedure 65(d)(2), the foregoing paragraph also
17 binds the following who receive actual notice of this Final Judgment by personal
18 service or otherwise: (a) Defendant’s officers, agents, servants, employees, and
19 attorneys; and (b) other persons in active concert or participation with Defendant or
20 with anyone described in (a).

21 **III.**

22 IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that
23 Defendant is permanently restrained and enjoined from violating Section 5 of the
24 Securities Act [15 U.S.C. § 77e] by, directly or indirectly, in the absence of any
25 applicable exemption:

26 (a) Unless a registration statement is in effect as to a security, making
27 use of any means or instruments of transportation or communication in
28 interstate commerce or of the mails to sell such security through the use or

1 medium of any prospectus or otherwise;

2 (b) Unless a registration statement is in effect as to a security,
3 carrying or causing to be carried through the mails or in interstate commerce,
4 by any means or instruments of transportation, any such security for the
5 purpose of sale or for delivery after sale; or

6 (c) Making use of any means or instruments of transportation or
7 communication in interstate commerce or of the mails to offer to sell or offer to
8 buy through the use or medium of any prospectus or otherwise any security,
9 unless a registration statement has been filed with the Commission as to such
10 security, or while the registration statement is the subject of a refusal order or
11 stop order or (prior to the effective date of the registration statement) any
12 public proceeding or examination under Section 8 of the Securities Act [15
13 U.S.C. § 77h].

14 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, as
15 provided in Federal Rule of Civil Procedure 65(d)(2), the foregoing paragraph also
16 binds the following who receive actual notice of this Final Judgment by personal
17 service or otherwise: (a) Defendant's officers, agents, servants, employees, and
18 attorneys; and (b) other persons in active concert or participation with Defendant or
19 with anyone described in (a).

20 IV.

21 IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that
22 Defendant is liable for a civil penalty in the amount of \$776,932 pursuant to Section
23 20(d) of the Securities Act [15 U.S.C. § 77t(d)] and Section 21(d)(3) of the Exchange
24 Act [15 U.S.C. § 78u(d)(3)]. Defendant shall satisfy this obligation pursuant to the
25 terms of the payment schedule set forth in paragraph V below after entry of this Final
26 Judgment.

27 Defendant may transmit payment electronically to the Commission, which will
28 provide detailed ACH transfer/Fedwire instructions upon request. Payment may also

1 be made directly from a bank account via Pay.gov through the SEC website at
2 <http://www.sec.gov/about/offices/ofm.htm>. Defendant may also pay by certified
3 check, bank cashier's check, or United States postal money order payable to the
4 Securities and Exchange Commission, which shall be delivered or mailed to

5 Enterprise Services Center
6 Accounts Receivable Branch
6500 South MacArthur Boulevard
Oklahoma City, OK 73169
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8 and shall be accompanied by a letter identifying the case title, civil action number,
9 and name of this Court; Defendant Elegance as a defendant in this action; and
10 specifying that payment is made pursuant to this Final Judgment.

11 Defendant shall simultaneously transmit photocopies of evidence of payment
12 and case identifying information to the Commission's counsel in this action. By
13 making this payment, Defendant relinquishes all legal and equitable right, title, and
14 interest in such funds and no part of the funds shall be returned to Defendant.

15 The Commission may enforce the Court's judgment for penalties by the use of
16 all collection procedures authorized by law, including the Federal Debt Collection
17 Procedures Act, 28 U.S.C. § 3001 et seq., and moving for civil contempt for the
18 violation of any Court orders issued in this action. Defendant shall pay post
19 judgment interest on any amounts due after 30 days of the entry of this Final
20 Judgment pursuant to 28 U.S.C. § 1961. The Commission shall hold the funds,
21 together with any interest and income earned thereon (collectively, the "Fund"),
22 pending further order of the Court.

23 The Commission may propose a plan to distribute the Fund subject to the
24 Court's approval. Such a plan may provide that the Fund shall be distributed
25 pursuant to the Fair Fund provisions of Section 308(a) of the Sarbanes-Oxley Act of
26 2002. The Court shall retain jurisdiction over the administration of any distribution
27 of the Fund and the Fund may only be disbursed pursuant to an Order of the Court.

28 Regardless of whether any such Fair Fund distribution is made, amounts

1 ordered to be paid as civil penalties pursuant to this Judgment shall be treated as
2 penalties paid to the government for all purposes, including all tax purposes. To
3 preserve the deterrent effect of the civil penalty, Defendant shall not, after offset or
4 reduction of any award of compensatory damages in any Related Investor Action
5 based on Defendant's payment of disgorgement in this action, argue that it is entitled
6 to, nor shall it further benefit by, offset or reduction of such compensatory damages
7 award by the amount of any part of Defendant's payment of a civil penalty in this
8 action ("Penalty Offset"). If the court in any Related Investor Action grants such a
9 Penalty Offset, Defendant shall, within 30 days after entry of a final order granting
10 the Penalty Offset, notify the Commission's counsel in this action and pay the amount
11 of the Penalty Offset to the United States Treasury or to a Fair Fund, as the
12 Commission directs. Such a payment shall not be deemed an additional civil penalty
13 and shall not be deemed to change the amount of the civil penalty imposed in this
14 Judgment. For purposes of this paragraph, a "Related Investor Action" means a
15 private damages action brought against Defendant by or on behalf of one or more
16 investors based on substantially the same facts as alleged in the Complaint in this
17 action.

18 **V.**

19 Defendant shall pay the total penalty due of \$776,932 in five installments to the
20 Commission according to the following schedule: (1) \$50,000 within ten days of
21 entry of this Final Judgment; (2) \$181,733 by December 31, 2022; (3) \$181,733 by
22 March 31, 2023; (4) \$181,733 by June 30, 2023; and (5) \$181,733 by September 30,
23 2023. Payments shall be deemed made on the date they are received by the
24 Commission and shall be applied first to post judgment interest, which accrues
25 pursuant to 28 U.S.C. § 1961 on any unpaid amounts due after 30 days of the entry of
26 Final Judgment. Prior to making the final payment set forth herein, Defendant shall
27 contact the staff of the Commission for the amount due for the final payment.
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1 If Defendant fails to make any payment by the date agreed and/or in the
2 amount agreed according to the schedule set forth above, all outstanding payments
3 under this Final Judgment, including post-judgment interest, minus any payments
4 made, shall become due and payable immediately at the discretion of the staff of the
5 Commission without further application to the Court.

6 **VI.**

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8 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that this Court
9 shall retain jurisdiction of this matter for the purposes of enforcing the terms of this
10 Final Judgment.

11 **VII.**

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13 There being no just reason for delay, pursuant to Rule 54(b) of the Federal
14 Rules of Civil Procedure, the Clerk is ordered to enter this Final Judgment forthwith
15 and without further notice.

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18 Dated: October 20, 2022

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21 Stanley Blumenfeld, Jr.
22 United States District Judge
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